

Message Text

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16

ACTION EA-14

INFO OCT-01 ISO-00 SS-20 PM-07 L-03 INR-11 H-03 EB-11

SAM-01 PRS-01 PA-04 SCI-06 SP-03 DRC-01 RSC-01 /087 W

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P 260340Z AUG 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 4056

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L JAKARTA 10470

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: ENGR, ID

SUBJ: ENERGY: INDONESIAN LNG

REF: JAKARTA 10342

1. SUMMARY: RECENT DEVELOPMENTS CONCERNING INDONESIAN LNG INDICATE GOI/PERTAMINA MAY ACCEPT PACIFIC LIGHTING (PL) PROPOSAL TO DELAY TERMINATION LNG CONTRACT UNTIL DEC 31, 1974, WHEN CONTRACT WOULD BE MUTALLY TERMINATED BY PL AND PERTAMINA IF AGREEMENT NOT REACHED ON PRICE. END SUMMARY.

2. FOLLOWING CONVERSATIONS REPORTED REFTEL, EMBOFF SPOKE WITH GOI DIRECTOR OIL AND GAS (WIJARSO) ON AUG 22 SHORTLY BEFORE HE LEFT ON ONE WEEK VACATION. WIJARSO INDICATED MORE FAVORABLE ATTITUDE TOWARD PL PROPOSAL.

3. EARLY AUG. 23, PL REP (O'ROURKE) CALLED EMBOFF FROM LOS ANGELES REPORTING HE HAD TWO CONVERSATIONS WITH PERTAMINA OFFICIAL (TIRTO UTOMO) AND READ EMBOFF TEXT TELEX HE SENT TO TIRTO ON AUG 21 OUTLINING PL'S PROPOSAL. O'ROURKE SAID TIRTO EXPECTED DISCUSS MATTER WITH EN. IBNU AUG 23 OR 24 AND PROMISED INFORM O'ROURKE OF PERTAMINA/GOI DECISION AUGUST 26 OR 27.

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4. DURING LUNCH AUG. 23, TIRTO TOLD EMBOFF HE WAS DISAPPOINTED HE HAD NOT RECEIVED TELEX FROM PL. AFTER EMBOFF EXPLAINED ADVANTAGES OF ACCEPTING PROPOSAL, TIRTO SAID HE WAS DISPOSED RECOMMEND TO GEN. IBNU THAT PERTAMINA GO ALONG WITH PL BUT SAID HIS HANDS WERE TIED UNTIL TELEX RECEIVED. IN RESPONSE EMBOFF OFFER TO FACILITATE COMMUNICATION, TIRTO ASKED EMBOFF TO CONTACT PL AND URGE RAPID TELEX TRANSMISSION. DURING TELECON THAT AFTERNOON, EMBOFF REPORTED RESULTS CONVERSATION WITH TIRTO TO O'ROURKE WHO SAID HE WOULD REPEAT TELEX EARLY AUG 24.

5. MEANWHILE AMBASSADOR SPOKE WITH MINMINING SADLI BRINGING HIM UP-TO-DATE ON RECENT DEVELOPMENTS AND POINTING OUT MERITS PL PROPOSAL. SADLI WAS APPRECIATIVE BUT NON-COMMITTAL SAYING "REAL DECISION IS PERTAMINA'S."

6. ON AUGUST 24 TIRTO CALLED EMBOFF SAYING PL TELEX ARRIVED, O'ROURKE HAD CALLED AGAIN, AND MINMINING SADLI HAD ALSO CALLED TO CONSULT ON PL PROPOSAL. TIRTO SAID HE HOPED TO SEE GEN. IBNU FOR DECISION AUG 26 AND TO SEND REPLY TO PL LATE AUG 26 OR AUG 27. TIRTO VOLUNTEERED TO INFORM EMBOFF OF GEN. IBNU'S DECISION.

7. COMMENT: SUM TOTAL OF CONVERSATIONS TO DATE INDICATE GOI/PERTAMINA MAY ACCEPT PL PROPOSAL. IF THEY DO AND IF PL AND PERTAMINA REACH AGREEMENT ON PRICE BEFORE AGREED TERMINATION DATE, GOI/PERTAMINA WILL PROBABLY SEEK REOPEN QUESTION EXIM FINANCING OF ACEH LNG PLANT AND WOULD EXPECT EARLY FAVORABLE ACTION BY FPC.

8. DEPT MAY WISH PASS SUBSTANCE PARAS 2-6 TO EXIM BANK AND PARAS 5-6 TO PL.
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